

To: Members of the Senate Economic Development Committee
From: Delaney Newberry, MMA Director of Human Resource Policy
Date: September 13, 2012
RE: SB 1269 Diminishes Protections that Lead to Cost-Savings

On behalf of the over 2,500 job-providers and private health insurance payers represented by the Michigan Manufacturers Association, we are opposed to SB 1269 as introduced for the following reasons:

- It would significantly **increase health care costs for Michigan job-providers**; and
- We believe Michigan must **preserve the integrity of the CON process**.

MMA represents about 2,500 members that operate in the full spectrum of manufacturing industries, ranging from small manufacturers to some of the world's largest corporations. Manufacturing continues to be the largest sector of our economy, directly employing over 500,000 Michigan residents.

Manufacturers are one of the largest payers of private insurance and group health plans. 91% of Manufacturers offer health care benefits to their employees compared to 71% of all other industries. So in the state of Michigan, whether you're talking about the large group market, self-insured groups, or small-group; manufacturers are the largest purchasers of health insurance benefits in the state.

The Certificate of Need process was created as a cost containment strategy that prevents the overdevelopment of hospital facilities and services which in turn would increase the cost of healthcare. MMA supports strong CON policy because of the savings it contributes to Michigan's health care delivery system and opposes any legislation that would diminish the protections that lead to employer health care cost savings.

As introduced, SB 1269 would allow for the construction of a new hospital that the CON Commission has determined is unnecessary. This provision would provide for a legislative end-run around the CON process. MMA members believe that the CON process works. It balances cost, quality and access for Michiganders and allows for reasonable and necessary growth in health services. The system works. It may not give every health system the answer they seek, but it does work as it was intended to: to contain health care costs and prevent unrestrained growth in facilities and services.

There are other provisions within SB 1269 that we believe may be worth considering. MMA members support transparency, accountability and regular program reviews to ensure efficiency and efficacy. We hope to work together with the bill sponsor and committee members on meaningful reforms to the CON process that do not result in a senseless and unnecessary increase in job-provider health care costs.

We urge the committee members to tread very carefully on any modifications to the CON process, which saves millions of precious health care dollars for Michigan job-providers. Thank you for the opportunity to comment. I hope that you will not hesitate to contact me should you wish to further discuss this or any other matter.